GOVERNMENT OF INDIA
TEXTILES
LOK SABHA

UNSTARRED QUESTION NO:1804
ANSWERED ON:08.08.2006
PURCHASE OF COTTON
Jha Shri Raghunath

Will the Minister of TEXTILES be pleased to state:

(a) whether Commission for Agricultural Costs and Prices(CACP) recommended that Cotton Corporation of India should purchase about 25% to 30% of total cotton production in the country;

(b) if so, the details thereof;

(c) whether the percentage share of CCI in procurement/purchase of cotton of total cotton production has been much less than the CACP recommended during the last six years;

(d) if so, the details thereof and reasons therefore;

(e) whether during the above period CCI paid several crores of rupees as commission to agents/traders for purchase of cotton in regulated market thereby increasing the cost of procurement;

(f) if so, the details thereof and the steps taken in this regard, and

(g) the measures taken by the CCI to increase its share in the purchase of indigenous cotton to help the growers to get remunerative price as well as quality supply at reasonable prices to the user mills?

Answer

MINISTER OF STATE IN THE MINISTRY OF TEXTILES (SHRI E.V.K.S. ELANGOVAN)

(a) & (b): No sir.

(c) & (d): Question does not arise. However, Cotton Corporation of India Ltd. (CCI) purchases of kapas (seed cotton) from the farmers both under MSP operations as well as under commercial operations. As and when the prices are ruling at MSP level the CCI purchases entire quantity of kapas offered to it by the cotton farmers without any quantitative limits. The CCI buys FAQ kapas as also kapas three stages below the FAQ grade to help the cotton farmers. When the prevailing prices are above MSP, the CCI makes purchases under its commercial operations at its own risk and cost to help the farmers.

(e) & (f): CCI has been purchasing the kapas at notified market yards in various cotton growing States under the aegis of APMC in the presence of APMC officials. Wherever the rules of APMCs of the respective State Government provide for purchase of kapas through commission agents, purchases by the CCI have been made accordingly and the commission to the agents have been paid as per the rates fixed by APMCs. The rate of commission to be paid varies from State to State. Such commissions are payable by all buyers including CCI, mills, ginneries etc. These commissions are paid in Northern States of Punjab, Haryana, Rajasthan followed by in Gujarat and Karnataka States. In rest of the States, the CCI has been purchasing kapas directly from the cotton growers or the commission is payable by the sellers i.e. farmers. Details of commission paid to commission agents operating under APMC Acts of various State Government is as under:-

Rs.in lakhs

Financial year	Commercial purchases	MSP purchases	Total
2000-01	510.37		510.37
2001-02	94.95	267.76	362.71
2002-03	207.46	69.05	276.51
2003-04	473.05		473.05
2004-05	66.89	1551.14	1618.03
2005-06	76.66	642.27	718.93

(1) No commission has been paid to any traders

(2) Commission agents operating under the provisions and Bye-laws of APMC Act and not traders

(g): In order to ensure remunerative prices to the cotton growers and avoid distress sales, the CCI, in the wake of prevailing kapas prices touching the MSP level, has been purchasing the entire quantity of FAQ grade kapas offered to it at APMC market yards without any quantitative limit. Further, to help the cotton farmers, the CCI has also been purchasing the kapas three stages below FAQ grade. In view of modernisation of G&P factories with the assistance of TMC, the quality of processing has improved significantly and the CCI has been able to supply least contaminated bales to the domestic mills at affordable prices.